

Highway and Transportation Employees'
and Highway Patrol Retirement System

Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 1999

Norm Robinson

Executive Director

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Introductory Section

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

Highway and Transportation Employees' and Highway Patrol RETIREMENT SYSTEM

Norm Robinson, Executive Director

January 22, 2000

Board of Trustees Highway & Transportation
Employees' and Highway Patrol Retirement System
Jefferson City, MO 65101

Dear Board Members:

I am pleased to submit this year's annual report of the Highway and Transportation Employees' and Highway Patrol Retirement System. This was a landmark year for our system in that the recommendations by the Governor's Commission on Management and Productivity and the Ad Hoc Task Force on Total Compensation culminated in legislative approval of the Year 2000 Plan. In addition, system assets, for the first time, exceeded the \$1.5 billion mark during the year. All told, it was a very good year for the system and for the members who rely on us for part of their future financial security.

This Comprehensive Annual Financial Report of the Highway and Transportation Employees' and Highway Patrol Retirement System for the fiscal year ended June 30, 1999, has been prepared to enhance knowledge and understanding of the retirement system. The material has been prepared in a manner to be useful and informative to the members, to the management of the Missouri Department of Transportation and Missouri State Highway Patrol, and to the elected officials of the state of Missouri.

Management of the retirement system is responsible for the accuracy and completeness of the information in this report. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position of the fund.

This report contains five sections: Introductory, Financial, Investment, Actuarial, and Statistical. An overview of the administrative organization of the system and the transmittal letter for the report are contained in the introductory section. An in-depth explanation of the financial position of the plan, as well as the auditor's opinion of the system's financial records, is found in the Financial Section. The Investment Section outlines the value of the system's assets and the historical returns of the portfolio. In the Actuarial Section, the actuary certifies the recommended contribution rates and presents the assumptions used to arrive at those rates. And, finally, the Statistical Section provides a statistical profile of our active, terminated vested, and retired members.

BACKGROUND INFORMATION

The Highway and Transportation Employees' and Highway Patrol Retirement System was established by state statute in 1955. Under that legislation, employees of the Missouri Department of Transportation and Missouri State Highway Patrol became members of the retirement system on September 1, 1955. The system initially provided only regular retirement and disability benefits and required the employees to share in the cost of the plan.

While the participating employers in the system, the Missouri Department of Transportation and the Missouri State Highway Patrol, have remained the same since 1955, the plan provisions have changed many times. Today, at no cost to the employees, the system offers not only enhanced retirement and disability benefits, but also benefits for survivors of active and retired members, benefits for qualified terminated vested members, and death benefits.

FINANCIAL INFORMATION**Accounting System**

This report has been prepared in accordance with generally accepted accounting principles for governmental accounting and reporting. Assets, liabilities, revenues, and expenses are reported on the accrual basis. Internal controls have been established by management to reasonably protect the assets from loss, theft, or misuse.

Revenues

Two sources of revenue are used to finance retirement, survivor, and long-term disability benefits: employer contributions and income on investments. During Fiscal Year 1999, revenues from those two sources totaled \$221,331,282. Of that amount, \$69,569,654 was contributed to the system by the Missouri Department of Transportation and the Missouri State Highway Patrol and, \$151,761,628 was income earned on investments.

Expenses

Expenses of the system totaled \$89,225,915 in Fiscal Year 1999. Benefit payments represent the major expense of the retirement system. Expenses incurred to administer the plan include personal services provided by the staff and professional services for (1) investing the system's funds, (2) monitoring the system's investment guidelines, (3) providing actuarial information, and (4) auditing.

During Fiscal Year 1999, benefit payments totaled \$86,255,201. Administrative expenses during this period were \$2,970,714. During fiscal year 1999, revenue from employer contributions and investments exceeded expenses by \$132,105,367.

INVESTMENTS

The state statutes allow the system to make investments using the same care, skill, and diligence that a prudent person acting in a similar capacity would use. In keeping with this prudent person rule, the Board of Trustees has established investment guidelines. The system's investment managers, UMB Investment Advisors, Rothschild Asset Management, and Alliance Capital Management are allowed full discretion in investment decisions within the confines of those guidelines and the statutory investment authority.

The balanced stock and bond portfolio provided an 11.72% time-weighted rate of return for the 1999 fiscal year. Over the last ten fiscal years through June 30, 1999, our balanced fund earned a time-weighted rate of 11.20%.

FUNDING

The Board of Trustees certifies to the Missouri Department of Transportation and the Missouri State Highway Patrol the actuarially determined percentages of payroll necessary to meet the system's obligations. Realizing the importance of maintaining a financially sound system, the participating employers have never failed to contribute the amounts certified by the Board of Trustees.

REPORT DISTRIBUTION

This report is being distributed to the Governor, the State Auditor, and the Joint Committee on Public Employee Retirement. It is also being distributed to all Missouri Department of Transportation Division and District offices and Missouri State Highway Patrol General Headquarters and Troop offices. Copies to others will be furnished upon request.

ACKNOWLEDGMENTS

I appreciate the support and leadership of the Board of Trustees and the participating employers, and I commend the staff members for their dedication and service to the members of the system.

Respectfully submitted,

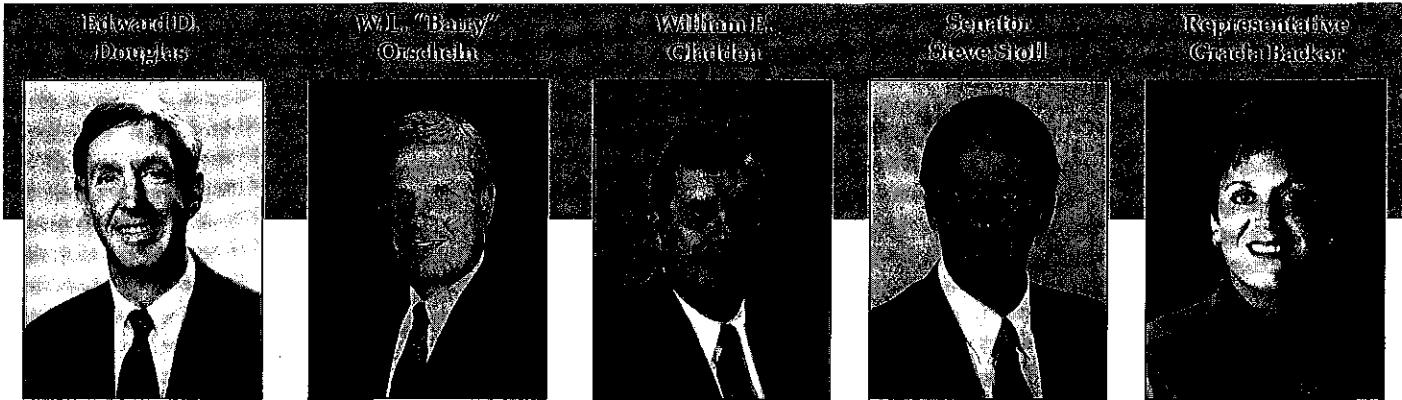


Norm Robinson
Executive Director

INTRODUCTORY SECTION

BOARD OF TRUSTEES

The Highway and Transportation Employees' and Highway Patrol Retirement System is governed by a Board of Trustees. As set out in Section 104.160 of the Revised Statutes of Missouri, the Board is comprised of the following ten members:



Board Chairman

Chairman, President & CRO of Citizen's Bankshares Company in Chillicothe, MO Highway & Transportation Commissioner
Term Expires 12-1-2001

Board Vice-Chairman

President of Orscheln Industries, headquartered in Moberly, MO Highway & Transportation Commissioner
Term Expires 12-1-2003

Attorney of Private Practice

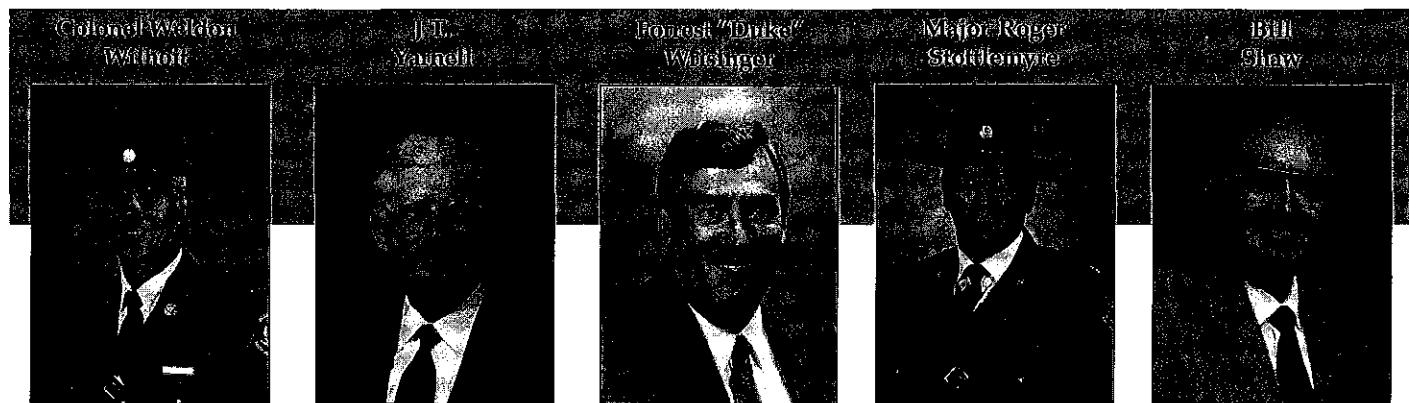
Highway & Transportation Commissioner
Term Expires 10-13-2001

State Senator

District 22
Appointed by the President Pro-Tem of the Senate

State Representative

District 20
Appointed by the Speaker of the House



Superintendent of The Missouri State Highway Patrol

Chief Engineer of the Missouri Department of Transportation

District Liaison Engineer MoDOT

District 4 Kansas City
Elected by MoDOT Employees
Term Expires 7-1-2002

Director, Field Operations Bureau Missouri State Highway Patrol

Elected by Patrol Employees
Term Expires 7-1-2002

Retired as Asst. to the Chief Engineer, Planning & Design, MoDOT Support Center

Elected by Retired Members of the System
Term expires 7-1-2002

CHAIRMAN'S LETTER**Highway and Transportation Employees' and Highway Patrol
RETIREMENT SYSTEM**

Ed Douglas, *Chairman*
W. L. "Barry" Orscheln, *Vice Chairman*
William Gladden, *Member*
Sen. Steve Stoll, *Member*

Rep. Gracia Backer, *Member*
Major Roger Stottlemyre, *Member*
Forrest "Duke" Wrisinger, *Member*
Bill Shaw, *Member*

J. T. Yarnell, *Member*
Col. Weldon Wilhoit, *Member*
Norm Robinson, *Exec. Dir.*
Rich Tiemeyer, *Counsel*

December 29, 1999

To the Members of the Highway and Transportation
Employees' and Highway Patrol Retirement System

On behalf of the Board of Trustees, we are pleased to present the Comprehensive Annual Financial Report of the Missouri Highway and Transportation Employees' and Highway Patrol Retirement System for the fiscal year ended June 30, 1999.

During the past year, the Board's membership changed with the departure of Mr. Bob Jones and Senator Sidney Johnson. We welcomed their replacements Mr. William Gladden and Senator Steve Stoll. Another membership change was for Mr. J.T. Yarnell to replace Mr. Joe Mickes. State statutes designate the Chief Engineer as a member on the Board. Accordingly, with the appointment of Mr. Mickes as Director of MoDOT, Mr. Yarnell, as Chief Engineer, became a Board member.

The investment return on plan assets during the fiscal year again exceeded our assumed actuarial rate of return. This strong investment performance served to further reinforce an already sound funding ratio. These favorable results are directly attributable to the dedication of the Investment Committee who worked diligently to review asset allocation decisions and strategic policies adopted by the Board.

Our retirement system continues to grow in asset value and in the number of active members as well as benefit recipients. At the end of the fiscal year, our asset value was \$1,452,337 with 9,172 active members and 5,602 benefit recipients.

The professional work of our staff in accounting, benefits, information systems, administration and executive services and the value they add to the system and its members is greatly appreciated by the board of trustees.

In closing I wish to thank Executive Director, Norm Robinson and the entire staff for their work this year on the 2000 legislation that will be implemented during the upcoming fiscal year. The board recognizes and appreciates their many talents and the contributions they have made to the system.

Sincerely,



Ed Douglas
Chairman

INTRODUCTORY SECTION

ADMINISTRATIVE ORGANIZATION

PERSONAL SERVICES

The Executive Director of the Highway and Transportation Employees' and Highway Patrol Retirement System has charge of the offices and records of the system and hires such employees deemed necessary, subject to the direction of the Board of Trustees.

The Chief Counsel of the Highway and Transportation Commission furnishes legal services and provides legal opinions of the retirement statutes as necessary for implementation.

Work assignments related to the Retirement System that are performed by Missouri Department of Transportation and Missouri State Highway Patrol personnel are considered duties in connection with their regular employment.

DIRECTOR'S OFFICE

Norm Robinson*
Executive Director

Lois Wankum*
Executive Secretary

Michel Au Buchon*
Senior Secretary

LEGAL SERVICES

Rich Tiemeyer
Chief Counsel

Dennis Redel
Asst. Chief Counsel

Dan Pritchard
Senior Asst. Counsel

Sharon E. Schulte
Senior Asst. Counsel

FINANCIAL

Alfred S. Kaiser**
Business & Benefits
Manager

Robin McKee**
Intermediate Business
Specialist

Maxine Johnson**
Account Technician

Mary Jordan**
Account Technician

BENEFITS - MISSOURI DEPARTMENT OF TRANSPORTATION

Joyce Wagner**
Senior Benefits Specialist

Mary Helen Norfleet**
Senior Benefits Specialist

BENEFITS - MISSOURI STATE HIGHWAY PATROL

Captain Terry W. Moore ***
Director, Human
Resources Division

Theresa M. Backes***
Special Assistant

Kerry Bax***
Personnel Records
Clerk III

Bev Mauzy***
Personnel Records
Clerk III

* Full-time employees of the Highway and Transportation Employees' and Missouri State Highway Patrol Retirement System.

** Employees of the Missouri Department of Transportation. The Retirement System reimburses the department for time spent by these individuals in performing retirement related duties.

*** Employees of the Missouri State Highway Patrol.

DIRECTOR'S OFFICE

The goal of the Highway and Transportation Employees' and Highway Patrol Retirement System staff is to provide quality customer service to its members. The interests of the taxpayers of the state of Missouri are safeguarded by the staff's ongoing review of retirement policies, procedures, investments, and legislation--all in an effort to improve the day-to-day business of the system.



Norm Robinson
Executive Director



Lois Wankum
Executive Secretary

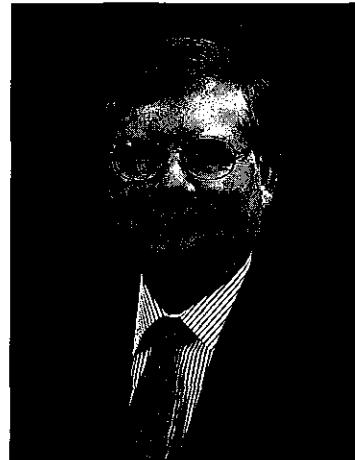


Michel Au Buchon
Senior Secretary

INTRODUCTORY SECTION

LEGAL SERVICES

Chief Counsel Rich Tiemeyer heads up the team handling legal matters affecting the Retirement System. The team reviews changes in retirement law and questions of interpretation affecting policy and procedure.



Rich Tiemeyer
Chief Counsel

Dennis Redel
Assistant Chief Counsel
Administration

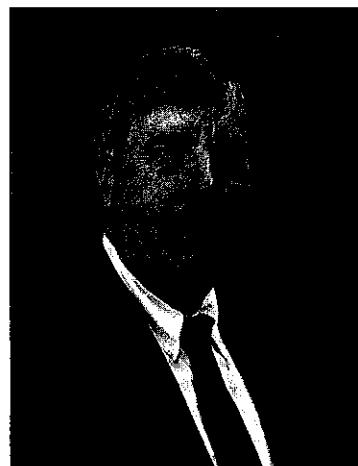


Dan Pritchard
Senior Assistant Counsel

Sharon E. Schulte
Senior Assistant Counsel

FINANCIAL SERVICES

The financial services section handles the payroll and accounting functions of the Retirement System in the Business and Benefits Support Division of the Missouri Department of Transportation. Robin McKee performs the accounting duties for the system, and Maxine Johnson and Mary Jordan prepare and review the retirement payroll for accuracy and correctness.



Alfred S. Kaiser
Business and Benefits
Manager



Robin McKee
Intermediate Business
Specialist



Maxine Johnson
Account Technician



Mary Jordan
Account Technician

INTRODUCTORY SECTION

MISSOURI DEPARTMENT OF TRANSPORTATION AND MISSOURI STATE HIGHWAY PATROL

These employees of the Missouri Department of Transportation and Missouri State Highway Patrol work daily to maintain current records of prior service credit, purchase of military service credit and employee records for members of the system. These groups work closely with the Executive Director to analyze and evaluate questions regarding prior service credit and eligibility for disability.

MISSOURI DEPARTMENT OF TRANSPORTATION



Joyce Wagner
Senior Benefits
Specialist

Mary Helen Norfleet
Senior Benefits
Specialist

MISSOURI STATE HIGHWAY PATROL



**Captain Terry W.
Moore**
Director, Human
Resources Division

Theresa M. Backes
Special Assistant

Kerry Bax
Personnel Records
Clerk III

Bev Mauzy
Personnel Records
Clerk III

PROFESSIONAL SERVICES

The following firms are retained by the Board of Trustees to serve in professional capacities or provide consultant services.

Actuary

Gabriel, Roeder, Smith
& Company
Southfield, Michigan

Auditor

Lynn Graves
Evers & Company, CPA's
Jefferson City, Missouri

**Investment
Managers**

UMB Investment Advisors
Kansas City, Missouri
Rothschild Asset Management
New York, New York
Alliance Capital Management
New York, New York

**Investment
Consultant**

Robert F. Marchesi
DeMarche Associates
Kansas City, Missouri

**Legislative
Consultant**

Jack Pierce
Jefferson City, Missouri

NOTES

Financial Section

In This Section

- Independent Auditors' Report
- Statement of Plan Net Assets
- Statement of Changes in Plan Net Assets
- Notes to Financial Statements
- Schedule of Funding Progress
- Schedule of Employer Contributions
- Schedule of Administrative Expenses
- Schedule of Investment Expenses

INDEPENDENT AUDITORS' REPORT**Evers & Company, CPA's, L.L.C.**

Certified Public Accountants and Consultants

Elmer L. Evers
Jerome L. Kauffman
Richard E. Elliott
Dale A. Siebeneck
Keith L. Taylor
Lynn J. Graves

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
**Missouri Highway and Transportation
Employees' and Highway Patrol
Retirement System**
Jefferson City, Missouri:

We have audited the accompanying statements of plan net assets of the **Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the Retirement System)** as of and for the years ended June 30, 1999 and 1998, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the **Missouri Highway and Transportation Employees' and Highway Patrol Retirement System** as of June 30, 1999 and 1998, and the results of its changes in its financial status for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of funding progress and employer contributions are supplementary disclosures under Governmental Accounting Standards Board Statement No. 25, and are not a required part of the financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Retirement System. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Evers & Company, CPA's, L.L.C.

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

October 7, 1999

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3938 Hwy. 54, Suite A • Osage Beach, Missouri 65065 • 573/348-4141 • FAX 573/348-0989

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STATEMENT OF PLAN NET ASSETS

YEAR ENDED JUNE 30, 1999 AND 1998

	1999	1998
ASSETS:		
Cash	\$ 144,062	\$ 1,153,966
Receivables		
Contributions	1,163,632	829,904
Accrued interest and dividends	8,594,371	9,077,204
Investment sales	4,652,503	729,316
Total Receivables	<u>14,410,506</u>	<u>10,636,424</u>
Investments, at fair value (Note 2)		
Common & preferred stocks	926,706,203	756,491,269
Government and government agency securities	222,921,855	237,619,202
Corporate bonds	157,650,165	190,340,245
Short term investments	130,472,441	124,579,397
Total Investments	<u>1,437,750,664</u>	<u>1,309,030,113</u>
Prepaid expenses	685	—
Fixed Assets, net of depreciation	<u>31,961</u>	<u>40,006</u>
TOTAL ASSETS	1,452,337,878	1,320,860,509
LIABILITIES:		
Accounts payable	625,774	468,222
Investment purchases	<u>193,154</u>	<u>978,705</u>
TOTAL LIABILITIES	<u>818,928</u>	<u>1,446,927</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 1,451,518,950</u>	<u>\$ 1,319,413,583</u>

(A schedule of funding progress is presented in the Supplemental Information.
See accompanying notes to financial statements.

FINANCIAL SECTION**STATEMENT OF CHANGES
IN PLAN NET ASSETS****YEAR ENDED JUNE 30, 1999 AND 1998**

	1999	1998
ADDITIONS:		
Contributions	\$ 69,569,654	\$ 78,303,693
Investment income		
Interest and dividends	47,991,278	50,772,701
Net appreciation (gains/losses and changes in market value)	103,684,492	111,702,508
Securities lending gross income (net)	85,858	80,272
Total Investment Income	<u>151,761,628</u>	<u>162,555,481</u>
Less Investment Management Fees	<u>2,291,352</u>	<u>1,803,777</u>
Net Investment Income	<u>149,470,276</u>	<u>160,751,704</u>
Other Income		
Miscellaneous income	<u>—</u>	<u>7,969</u>
Total Additions	219,039,930	239,063,367
DEDUCTIONS:		
Monthly benefits	86,255,201	78,994,438
Administrative expenses	<u>679,362</u>	<u>630,841</u>
Total Deductions	86,934,563	79,625,279
NET INCREASE:	132,105,367	159,438,088
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	1,319,413,583	1,159,975,496
End of Year	<u>\$ 1,451,518,950</u>	<u>\$ 1,319,413,583</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

1. **PLAN DESCRIPTION:****General**

The Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the Retirement System) was established by, and is administered by, a Board of Trustees in accordance with the Revised Statutes of Missouri (RSMo). The Retirement System is a single-employer public employee retirement system which provides retirement, death, and disability benefits to full-time (defined as anticipating at least 1,000 hours to be worked annually) employees of the Missouri Department of Transportation and the Missouri State Highway Patrol. Due to the nature of the Retirement System, reliance on the funding from the State of Missouri and the overall control of policies by state officials, the Retirement System is considered a part of the State of Missouri financial reporting entity. The Retirement System is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The System had two contributing employers in 1999, and 1998.

Membership in the Retirement System at June 30, 1999 and 1998 consisted of the following:

	<u>1999</u>	<u>1998</u>
Retirees and beneficiaries		
currently receiving benefits	5,524	5,134
Disability recipients	195	196
Long-term disability recipients	77	79
Vested terminated employees	772	660
Active with vested benefits	6,347	6,317
Active without vested benefits	2,793	2,554
Total	<u>15,708</u>	<u>14,940</u>

Benefits

Benefits in the Retirement System currently vest after five years of creditable service. For members retiring prior to August 28, 1994, normal retirement age is 65 with four years of creditable service (55 for members of the uniformed patrol), with the retirement annuity based on a formula which considers average final compensation and number of years of creditable service. Non-uniformed employees were eligible for an unreduced annuity at age 65 with four years of creditable service, or age 60 with fifteen years of creditable service, or age 55 with thirty years of creditable service. Non-uniformed employees could retire with a reduced annuity between the ages of 55 and 59 with at least ten years and less than thirty years of creditable service. Uniformed employees were eligible for an unreduced annuity at age 55 with four years of creditable service. See "Amendments to the Retirement System" below for changes made in normal retirement age and other benefit changes effective August 28, 1994, or January 1, 1995.

FINANCIAL SECTION

State statutes provide for special consultant fees to be paid to certain retirees along with the normal retirement benefits. These retirees have been appointed by the Board of Trustees to serve as consultants on the problems of retirement, aging, and other State matters. For such services provided, special consultant fees are paid monthly in amounts equal to the incremental increases in retirement benefits that would have been received had those persons benefited from changes in the law that affected increases in the retirement formula enacted since their retirement. Benefit provisions are established by State statute and may be amended only by action of the Missouri state legislature.

The Retirement System also provides survivor, disability, and lump-sum death benefits. Survivor benefits are payable to a surviving spouse or minor children of active employees who die after earning three years of creditable service. The annuity paid to the survivor is based on a percentage of the accrued benefit at the time of death. All disability benefits are offset by any workers' compensation benefits. Duty-related disability benefits are 70% of salary at the time of disability. Non duty-related disability benefits are based on the accrued annuity at the date of disability. Long-term disability benefits are 60% of salary immediately prior to the disability, less any Social Security benefit. Those who retire from active employment subsequent to September 28, 1985, with an immediate pension are provided a \$5,000 lump-sum death benefit to be paid to a designated beneficiary.

Contributions

Contributions to the Retirement System are made by the State of Missouri. Employees do not contribute to the Retirement System. The Retirement System's funding policy provides for actuarially determined employer contributions using the entry-age normal cost method on a closed group basis (consisting of normal cost and amortization of any unfunded accrued liabilities over a 40-year period). Actuarially determined rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by State statute to be funded in advance. Actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation as discussed in Note 3. Contributions for the special consultant fees are being funded on an actuarial basis.

Contributions totaling \$69,569,654 and \$78,303,693 for fiscal years 1999 and 1998, respectively, represent funding of normal costs and amortization of the unfunded accrued liability. Contribution rates determined by the Retirement System's actuary for the years ended June 30, 1999, and 1998 are as follows:

	<u>1999</u>		<u>1998</u>
	<u>Non-uniformed</u>	<u>Uniformed</u>	<u>Non-uniformed</u>
Normal cost	11.38%	15.95%	10.57%
Amortization of unfunded accrued liability	<u>11.14</u>	<u>15.73</u>	<u>15.48</u>
Total contribution rate	<u>22.52%</u>	<u>31.68%</u>	<u>26.05%</u>
			<u>37.74%</u>

Amendments to the Retirement System

Benefits of the Retirement System, as discussed above, were effected by House Bill 1149 (HB 1149) which was approved and made effective, for most provisions, August 28, 1994, with the remainder effective January 1, 1995. The Bill provides for the following changes:

- Normal Retirement--members 50 or older are entitled to retire with a normal annuity and elect any of the survivor benefits if the sum of their age and service totals 80 or more. This provision was effective August 28, 1994.
- Increase In Formula Multiplier--the multiplier utilized in the retirement benefit formula increased from 1.5% to 1.6% effective January 1, 1995. This increase is also retroactive to individuals whose retirement date is before January 1, 1995.
- Survivor's Cost of Living Adjustment (COLA)--beneficiaries receiving benefits qualify for the annual minimum 4% to a maximum 5% COLA. Those beneficiaries now receiving a benefit are limited to 65% of the benefit they are receiving in total COLAs. Those who begin receiving COLAs after the effective date are limited to 65% of their initial benefit.
- Pop-Up Provision--retired members and future retirees whose spouse precedes them in death who have chosen a spouse option that reduced their initial retirement benefit will have their monthly benefit adjusted to the amount they would be receiving if they had not chosen the option. This provision was effective August 28, 1994.
- Minimum Benefit--effective January 1, 1995, the minimum benefit increased to \$15 from the prior level of \$12. As a result, a member's normal annuity amount cannot be less than the total years of service multiplied by \$15.
- Purchase of service for uniformed patrol--effective August 28, 1994, uniformed patrol members who previously served in the police force of any city will be allowed to purchase creditable service time of up to four years maximum.

Benefits of the Retirement System were also affected by House Bill 356 effective August 28, 1997.

The amended provisions are as follows:

- For current active and inactive employees, annual COLA's continue at 80% of the change in the CPI, limited to the 4%-5% range. After the 65% cap, COLA's will be 80% of the change in the CPI limited to a range of 0%-5%.
- For employees hired after August 28, 1997, the COLA will be 80% of the change in the CPI, with a range of 0%-5%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**Basis of Accounting**

The financial statements were prepared using the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which employee services are performed. Expenses are recorded when the corresponding obligations are incurred.

Method Used to Value Investments

Investments are reported at fair value on a trade date basis. Short-term investments are reported at cost, which approximates fair value. Bonds and stocks traded on a national or international exchange are valued at the reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Dividend income is recognized when dividends are declared. Interest income is recognized when earned.

	<u>1999</u>		<u>1998</u>	
	<u>Carrying Amount</u>	<u>Market Amount</u>	<u>Carrying Amount</u>	<u>Market Amount</u>
Government and government agency securities	\$ 221,825,748	\$ 222,921,855	\$ 231,926,912	\$ 237,619,202
Corporate bonds	157,102,123	157,650,165	187,205,792	190,340,245
Common and preferred stocks	623,756,720	926,706,203	527,928,286	756,491,269
Short-term investments	<u>129,682,055</u>	<u>130,472,441</u>	<u>124,054,670</u>	<u>124,579,397</u>
Total investments	<u><u>\$1,132,366,646</u></u>	<u><u>\$1,437,750,664</u></u>	<u><u>\$1,071,115,660</u></u>	<u><u>\$1,309,030,113</u></u>

Investments

As of June 30, 1999, and 1998, the Retirement System had cash with a book balance of \$144,062 and \$1,153,966, respectively, and a bank balance of \$1,442,544 and \$2,545,377, respectively. The bank in which this cash is held is required to pledge securities sufficient to collateralize these accounts. As of June 30, 1999, and 1998, the market value of this collateral was \$1,979,277 and \$4,492,300, respectively.

Categories of Asset Risks

The investments of the Retirement System are governed primarily by an investment authority known as the "prudent person rule." The prudent person rule, as set forth by State statute, establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the fund. The Retirement System's investments are categorized to give an indication of the level of risk assumed by the fund at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Retirement System or its agent in the Retirement System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Retirement System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty.

or by its trust department but not in the Retirement System's name. As of June 30, 1999, and 1998, all investments of the Retirement System, except real estate mortgages, are classified in Category 3. Real estate investments are not considered securities and, as such, are not categorized for credit risk.

Related-Party Transactions

The Retirement System reimburses the Missouri Department of Transportation for accounting, management, legal, data processing services, office space, and utilities. This amounted to \$310,009.76 for June 30, 1999, and \$311,267.61 for June 30, 1998.

Office Equipment and Fixtures

The office equipment and fixtures which are presented at cost, are depreciated on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows: furniture - 10 years, and equipment - 5 years.

Receivables

Receivables consist primarily of contributions owed and yet to be remitted by the employer, pending investment trades and interest and dividends.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CONCENTRATIONS:

No investments in any one organization (other than those issued by the U.S. Government) represent five percent of plan net assets.

4. COMPENSATED DEFERRED ABSENCES:

Expenses for accumulated annual leave earned by employees are recorded when earned by the employee. The balance owed was \$15,754.92 and \$15,469.43 as of June 30, 1999, and 1998, respectively.

5. RETIREMENT PLAN:

The Retirement System employs three people. All three employees are covered by the Retirement System. Amounts credited to the System on their behalf were \$24,507 and \$27,982 for the years ended June 30, 1999, and 1998, respectively.

6. SECURITIES LENDING PROGRAM:

Under the "prudent person" authority of the governing statutes and in accordance with the policies set by the Board of Trustees, the System lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The system's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the US government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in US dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year. There were no losses during the year resulting from a default of the borrowers or the custodial bank.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The average duration of cash collateral in a collective investment pool was unavailable as of the report date. Because the loans were terminable at will, their duration did not match the duration of the investments made with the cash collateral. On June 30, 1999 and 1998, the System had no credit risk exposure to borrowers.

The collateral held and the market value of securities on loan for the System were unavailable as of the report date.

At June 30, 1999, and 1998, the System earned \$85,858 and \$80,272 respectively on the securities lending program.

SCHEDULE OF FUNDING PROGRESS ⁽¹⁾

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit I

Date of Valuation	Actuarial Asset Value (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/1991	\$ 560,976,822	\$ 841,195,967	\$ 280,219,145	66.69%	\$ 220,856,988 ⁽²⁾	126.88%
06/30/1992	622,018,133	904,097,721	282,079,588	68.80%	220,919,382	127.68%
06/30/1993	688,963,225	1,000,704,491	311,741,266	68.85%	228,032,159	136.71%
06/30/1994	746,946,221	1,204,313,635	457,367,414	62.02%	236,748,214	193.19%
06/30/1995	831,031,253	1,330,909,279	499,878,026	62.44%	243,561,510	205.24%
06/30/1996	916,553,828	1,429,910,844	513,357,016	64.10%	254,712,739	201.54%
06/30/1997	1,015,906,708	1,651,811,690	635,904,982	61.50%	271,070,643	234.59%
06/30/1998	1,126,961,804	1,744,052,411	617,090,607	64.62%	278,690,426	221.43%
06/30/1999 ⁽³⁾	\$ 1,242,744,403	\$ 2,048,481,311	\$ 809,956,023	60.67%	\$ 288,068,083 ⁽²⁾	281.17%

⁽¹⁾ Since the Long-Term Disability (LTD) Plan uses the aggregate funding method, this schedule is not required for the LTD Plan and the assets and liabilities have been excluded.

⁽²⁾ Estimated.

⁽³⁾ Introduction of Year 2000; changed actuary.

FINANCIAL SECTION

SCHEDULE OF EMPLOYER CONTRIBUTIONS ⁽¹⁾

YEAR ENDED JUNE 30, 1999 REQUIRED SUPPLEMENTARY INFORMATION

Exhibit II - Uniform

Fiscal Year Ending	Covered Payroll	Actual Employer Contributions	Actual Employer Contribution %	Annual Required Contribution (ARC)%	Annual Pension cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1991	\$ 30,189,436 ⁽²⁾	\$10,545,170	34.93%	34.93%	\$ 10,545,170	100.00%	0
06/30/1992	30,606,601	11,101,014	36.27%	36.27%	11,101,014	100.00%	0
06/30/1993	31,004,803	9,868,829	31.83%	31.83%	9,868,829	100.00%	0
06/30/1994	32,715,429	9,739,383	29.77%	29.77%	9,739,383	100.00%	0
06/30/1995	35,232,287	14,462,854	41.05%	41.05%	14,462,854	100.00%	0
06/30/1996	39,557,621	15,743,114	39.17% ⁽³⁾	39.17%	15,743,114	100.00%	0
06/30/1997	42,242,106	16,546,233	39.17%	39.17%	16,546,233	100.00%	0
06/30/1998	43,987,039	16,600,708	37.74%	37.74%	16,600,708	100.00%	0
06/30/1999 ⁽⁴⁾	\$ 43,882,573 ⁽²⁾	\$13,901,999	31.68%	31.68%	\$ 13,901,999	100.00%	0

⁽¹⁾ Contributions for the Long-Term Disability Plan are de minimus and are excluded from this schedule.

⁽²⁾ Estimated.

⁽³⁾ 41.05% July 1, 1995, through October 31, 1995, and 39.17% November 1, 1995, through June 30, 1996.

⁽⁴⁾ Introduction of Year 2000 Plan; changed actuary.

Exhibit III - Non-Uniform

Fiscal Year Ending	Covered Payroll	Actual Employer Contributions	Actual Employer Contribution %	Annual Required Contribution (ARC)%	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1991	\$190,667,552 ⁽²⁾	\$ 35,864,567	18.81%	18.81%	\$35,864,567	100.00%	0
06/30/1992	190,312,781	37,929,337	19.93%	19.93%	37,929,337	100.00%	0
06/30/1993	197,027,356	41,454,556	21.04%	21.04%	41,454,556	100.00%	0
06/30/1994	204,032,785	40,949,380	20.07%	20.07%	40,949,380	100.00%	0
06/30/1995	208,329,222	56,144,725	26.95%	26.95%	56,144,725	100.00%	0
06/30/1996	215,155,118	56,842,321	26.15% ⁽³⁾	26.15%	56,842,321	100.00%	0
06/30/1997	228,828,537	59,838,662	26.15%	26.15%	59,838,662	100.00%	0
06/30/1998	234,703,387	61,140,232	26.05%	26.05%	61,140,232	100.00%	0
06/30/1999 ⁽⁴⁾	\$244,185,511 ⁽²⁾	\$ 54,990,577	22.52%	22.52%	\$ 54,990,577	100.00%	0

⁽¹⁾ Contributions for the Long-Term Disability Plan are de minimus and are excluded from this schedule.

⁽²⁾ Estimated.

⁽³⁾ 26.95% July 1, 1995, through October 31, 1995, and 26.15% November 1, 1995, through June 30, 1996.

⁽⁴⁾ Introduction of Year 2000 Plan; changed actuary.

NOTES TO THE SCHEDULES OF TREND INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date June 30, 1999
 Actuarial Cost Method Entry Age Normal
 Amortization Method Level Percent, Closed
 Remaining Amortization Period 37 Years
 Asset Valuation Method 5-Year Adjusted Value Average

Actuarial Assumptions:
 Investment Rate of Return 8.25%
 Projected Salary Increases* 4.75% to 9.0%
 *Includes Inflation at 4.0%

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED JUNE 30, 1999

	1999	1998
<u>PERSONAL SERVICES:</u>		
Salary	\$ 108,824	\$ 107,416
Employee Fringe Benefits	30,733	34,872
	<hr/>	<hr/>
Total Personal Services	139,557	142,288
<u>PROFESSIONAL SERVICES</u>		
Actuary	114,115	72,528
Audit	7,500	7,500
Government Consultant Fees	12,000	12,000
	<hr/>	<hr/>
Total Professional Services	133,615	92,028
<u>MISCELLANEOUS:</u>		
Agency expense	310,010	311,268
Depreciation	9,250	9,253
Board & Staff Development	33,580	17,879
Office supplies	15,672	16,294
Postage	25,914	31,798
Insurance premium	343	343
Bank service charge	5,073	4,885
Other	4,520	5,619
	<hr/>	<hr/>
Total Miscellaneous	404,362	397,339
	<hr/>	<hr/>
Total Administrative Expenses	\$ 677,534	\$ 631,655
	<hr/>	<hr/>

SCHEDULE OF INVESTMENT EXPENSES**YEAR ENDED JUNE 30, 1999**

	Assets Under Management at 6/30/99 (At cost - Cash Basis)		Fees Paid During FY99
<u>Investment Manager Fees:</u>			
United Missouri Bank of Kansas City, N.A.	\$ 985,095,029	\$	1,218,410
Rothschild Asset Management	45,150,273		353,198
Alliance Capital	103,672,693		307,892
Total Investment Income	—		1,879,500
<u>Other Investment Fees:</u>			
DeMarche Associates	—		46,450
Investment Expense	—		365,786
Total Other Investment Fees	—		412,236
Total Investment Expense	—	\$	2,291,736

Investment Section

In This Section

- Investment Summary
- Time Weighted Percentage Rates of Return
- Schedule of Brokerage Commissions

INVESTMENT SECTION

INVESTMENT SUMMARY

YEAR ENDED JUNE 30, 1999

	6/30/98		Sales & Redemptions		6/30/99		% of Total		
	Book Value	Market Value	Purchased	Redemptions	Book Value	Market Value	Projected Market	Projected Income	Projected Yield
Fixed Income Bonds									
Government	248,890,770	253,027,303	50,597,052	64,330,428	235,157,194	236,347,066	16.4	14,861,210	6.3
Corporate	3,250,000	3,250,325	0	3,250,000	0	0	0.0	0	0.0
Financial	3,250,000	3,250,325	10,517,604	26,369,429	4,022,669	7,434,143	5.2	4,819,697	6.5
Industrial	39,874,093	39,528,054	5,956,880	16,639,815	69,684,203	69,820,245	4.8	4,421,938	6.3
Utilities	30,367,540	32,401,108	0	304,063	3,113,443	2,795,625	0.2	110,000	4.2
Convertible	3,417,507	3,112,500							
Total Bonds	422,550,241	436,071,947	67,071,536	110,893,735	381,973,012	383,104,313	26.6	24,212,845	6.3
Preferred Stock	0	0	0	0	0	0	0.0	0	0.0
Total Fixed Income	422,550,241	436,071,947	67,071,536	110,893,735	381,973,012	383,104,313	26.6	24,212,845	6.3
Common Stock									
Financial & Utility	93,627,877	94,796,786	33,798,133	14,884,416	112,941,554	132,001,500	12.6	4,947,926	2.7
Basic Industry	116,640,932	117,341,259	12,008,196	11,026,405	117,622,773	118,730,873	11.0	3,397,672	2.1
Consumer & Service	771,970,550	789,330,628	128,943,861	71,580,394	329,334,217	468,975,111	32.5	6,164,659	1.3
Technology	41,927,300	70,609,131	40,046,471	19,278,229	60,696,942	118,854,711	8.2	379,843	0.3
Total Common Stock	527,067,409	536,017,804	214,796,661	116,769,444	629,091,561	928,562,769	64.4	14,890,100	1.6
Short Term									
Comm. Paper & STIF	81,422,165	81,667,905	933,901,762	950,140,022	65,183,667	67,621,363	4.5	3,292,713	5.0
Government	38,194,663	28,194,663	32,993,869	28,194,668	32,993,869	33,353,919	2.3	2,059,834	6.2
Corporate	11,457,835	14,513,523	31,567,581	14,437,835	30,367,581	31,624,930	2.2	1,944,588	6.1
Total Short Term	124,054,660	124,179,197	998,463,212	992,772,525	129,723,535	130,401,922	9.0	7,297,135	5.6
Total Investments	1,070,772,239	1,103,769,148	1,280,331,409	1,220,435,704	1,138,907,993	1,152,068,927	100.0	46,400,080	3.2

This Schedule uses book and market values as shown on the financial statement.

Short term purchases are increased by the amount of investments which are due within 1 year.

Similar adjustments have been made to the respective Bond categories.

TIME WEIGHTED PERCENTAGE RATES OF RETURN

YEAR ENDED JUNE 30, 1999

	Long-Term Averages						
	5-Year	10-Year	1995	1996	1997	1998	1999
Equities	18.89	15.02	20.05	16.91	22.97	19.80	14.83
Fixed Income	7.29	7.80	10.28	5.09	7.58	8.51	5.04
Short Term	5.51	5.67	5.01	5.81	5.51	5.62	5.14
MO/Small Business	-	-	1.66	-44.48	0.01	26.02	N/A

LARGEST INVESTMENT HOLDINGS
Year ended June 30, 1999

LARGEST EQUITY SECURITIES		
140,000	International Business Machines Corp.	\$18,095,000
292,000	Halliburton Co.	13,213,000
250,000	Williams Companies Inc.	10,640,750
175,000	SBC Communications Inc.	10,150,000
201,242	International Paper Co.	10,112,411
60,000	Texas Instruments Inc.	8,640,000
90,000	Motorola Inc.	8,527,500
87,400	Nokia Corp.	8,002,606
150,000	Nalco Chemical Co.	7,781,250
100,000	Merck & Co.	7,362,500

LARGEST FIXED INCOME SECURITIES		
6,000,000	Israel State, 6.60%, Due 2-15-2008	\$6,062,400
5,000,000	Federal National Mortgage Assn., 5.50%, Due 2-2-2001	4,978,000
5,000,000	Federal National Mortgage Assn., 6.10%, Due 1-26-2005/01 @ 100	4,928,000
5,000,000	Federal Home Loan Bank, 5.125%, Due 2-26-2002	4,903,150
4,500,000	Federal National Mortgage Assn., 6.41%, Due 2-6-2002	4,549,950
4,500,000	Federal National Mortgage Assn., 6.41%, Due 3-8-2006	4,501,800
4,500,000	Federal National Mortgage Assn., 5.55%, Due 1-17-2001	4,484,700
4,500,000	Federal National Mortgage Assn., 5.80%, Due 12-10-2003	4,445,145
4,500,000	Federal National Mortgage Assn., 5.75%, Due 6-15-2005	4,419,855
4,300,000	Federal National Mortgage Assn., 6.45%, Due 4-23-2001	4,346,010

Space and cost restrictions make it impractical to print the entire investment portfolio in this report. However, a portfolio listing is available for review in the office of the Executive Director of the Highway and Transportation Employees' and Highway Patrol Retirement System.

SCHEDULE OF BROKERAGE COMMISSIONS

<u>Investment Brokerage Firm</u>	<u>Shares</u>	<u>Commissions</u>	<u>Per Share</u>
ABN Amro Incorporated	62,100	\$3,726.00	\$0.06
Ameritrade Inc.	15,000	750.00	0.05
Baird, Robert W. & Company Inc.	68,200	4,092.00	0.06
Baum, George K & Co.	55,000	2,150.00	0.04
Bear Stearns	517,570	23,789.90	0.05
Berean Capital Inc. #2	7,100	397.00	0.06
Bernstein, Sanford C & Co, Inc.	19,600	1,176.00	0.06
BNP Securities (U.S.A.), Inc.	146,899	7,344.95	0.05
BNY Clearing Services LLC	40,300	2,418.00	0.06
Boston Institutional Services, Inc.	310,510	13,141.60	0.04
Bradford, JC & Company	6,700	402.00	0.06
Bridge Trading Company	323,350	16,518.50	0.05
Broadcort Cap Corp./Sub of MLPF & S	648,800	32,440.00	0.05
Brown Brothers Harriman & Co.	50,500	2,880.00	0.06
BT Alex, Brown Inc.	22,700	1,559.00	0.07
Buckingham Research Group, Inc.	9,600	576.00	0.06
Cantor Fitzgerald & Co.	84,000	4,200.00	0.05
Capital Institutional Services, Inc.	86,650	2,062.01	0.02
Chapman Company	4,800	240.00	0.05
CIBC World Markets Corp.	105,700	5,484.00	0.05
Citation Group/Bcc CLRG	9,000	500.00	0.06
CL King & Associates Inc.	17,000	1,020.00	0.06
Conning & Co/BCC CLRG	64,000	3,690.00	0.06
Correspondent Services Corporation	27,200	1,414.00	0.05
Credit Suisse First Boston Corporation	12,800	738.00	0.06
DB Clearing	45,400	2,496.00	0.05
Davidson DA & Company Inc.	11,900	714.00	0.06
Deutsche Bank Securities, Inc.	10,000	500.00	0.05
Direct	700	42.00	0.06
Donaldson, Lufkin & Jenrette Securities	85,600	4,936.00	0.06
Edwards, A.G., & Sons Inc.	50,000	2,949.00	0.06
Factset Data Systems (thru Bear Stearn)	88,305	4,415.25	0.05
First Clearing Corp.	63,800	3,828.00	0.06
First Union Capital Markets	38,402	2,304.12	0.06
Fourteen Research Corp.	5,200	312.00	0.06
Fox-Pitt Kelton Inc.	33,395	2,003.70	0.06
Frank Russell Sec/Broadcort CAP CLEA	15,000	850.00	0.06
Furman Selz LLC	84,750	5,085.00	0.06
Goldman, Sachs & Co.	93,700	5,622.00	0.06
Hoenig & Co. Inc.	161,000	6,520.00	0.04
Howard, Weil, Labouisse, Friedichs	27,600	1,380.00	0.05

SCHEDULE OF BROKERAGE COMMISSIONS

(continued)

<u>Investment Brokerage Firm</u>	<u>Shares</u>	<u>Commissions</u>	<u>Per Share</u>
Ingalls & Snyder	2,000	120.00	0.06
Instinet	18,500	715.00	0.04
Janney Montgomery Scott Inc.	100,967	6,058.02	0.06
Jefferies & Company	147,001	7,491.05	0.05
Jones & Associates	46,300	2,315.00	0.05
J.P. Morgan Securities	54,400	2,835.00	0.05
Keefe Bruyette and Woods, Inc.	22,200	1,332.00	0.06
Kirkpatrick Pettis Smith	82,500	4,525.00	0.05
Legg Mason Wood Walker Inc.	22,500	1,350.00	0.06
Lehman Brothers Inc.	124,600	6,834.00	0.05
LewCo. Securities Agent/Hambrecht & Co.	15,100	906.00	0.06
LewCo. Securities Agent/Schroder Wert	37,200	2,232.00	0.06
Lynch Jones & Ryan Inc.	337,385	16,869.25	0.05
Maxus Corp	7,500	450.00	0.06
McDonald & Company Securities, Inc.	30,000	1,800.00	0.06
Merrill Lynch, Pierce, Fenner & Smith	130,400	9,410.00	0.07
Morgan Keegan & Company Inc.	11,700	702.00	0.06
Morgan Stanley & Co. Incorporated	53,900	2,983.00	0.06
Nationsbanc Montgomery Sec LLC/SF	72,300	4,226.00	0.06
Oneil (William) & Co.	160,362	6,491.72	0.04
Paine Webber	520,933	26,711.65	0.05
Paragon Financial Corp.	59,600	3,166.00	0.05
Prudential Securities Incorporated	180,149	9,637.94	0.05
Raymond James & Assoc. Inc.	53,342	2,906.02	0.05
Robertson, Stephens & Co., L.P.	38,400	2,147.00	0.06
Robinson Humphrey	46,300	2,315.00	0.05
Rochdale Securities Corporation	17,775	1,066.50	0.06
Salomon Smith Barney Inc.	115,200	6,221.00	0.05
SG Cowen Securities Corp.	78,200	4,675.00	0.06
Soundview Financial Group	6,900	345.00	0.05
Standard & Poors Securities Inc.	366,460	12,607.80	0.03
Stifel, Nicolaus & Co. Inc.	4,250	255.00	0.06
Suntrust Equitable Securities	1,600	96.00	0.06
Trendalysis Securities	5,100	306.00	0.06
US Clearing Institutional Trading	26,100	1,317.00	0.05
U.S. Bancorp Piper Jaffray, Inc.	42,200	2,332.00	0.06
Warburg Dillon Read LLC	259,852	14,956.58	0.06
Weeden & Co.	12,100	605.00	0.05
Weiss Peck & Greer LLC	6,900	345.00	0.05
 Total Brokerage Fees	 6,848,007	 \$348,322.56	 \$0.05

NOTES

Actuarial Section

In This Section

- Actuary's Certification Letter
- Summary of Actuarial Methods and Assumptions
- Schedule of Active Member Valuation Data
- Summary of Plan Provisions
- Legislative Changes
- Comparison of Plans

ACTUARY'S CERTIFICATION LETTER**GABRIEL, ROEDER, SMITH & COMPANY****Consultants & Actuaries**

1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

September 10, 2001

The Retirement Board
Highway and Transportation Employees
and Highway Patrol Retirement System
P.O Box 1930
Jefferson City, Missouri 65102-1930

Dear Board Members:

The basic financial objective of the Highway and Transportation Employees and Highway Patrol Retirement System (HTEHPRS) is to establish and receive contributions which

- (1) when expressed in terms of percents of active member payroll will remain approximately level from generation to generation of Missouri citizens, and which
- (2) when combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of HTEHPRS.

In order to measure progress toward this fundamental objective, HTEHPRS has annual actuarial valuations performed. The valuations (i) measure present financial position, and (ii) establish contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liabilities over a reasonable period. An actuarial valuation was performed based upon data and assumptions as of June 30, 1999. This valuation indicates that the contribution rates, established by the Board of Trustees for the benefits scheduled to be in effect on July 1, 2000, meet the basic financial objective. These contribution rates are 23.29% of payroll for the 8,054 non-uniformed employees, 34.94% of payroll for the 1,086 uniformed patrol employees.

The actuarial valuations are based upon financial and participant data which is prepared by retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death, and disability among HTEHPRS' members and their beneficiaries. We review the data for internal and year-to-year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of HTEHPRS during the period July 1, 1989 to June 30, 1994. Assets were valued using the five-year adjusted market value average method. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the introductory section. We provided the information used in the supporting schedules in the actuarial section and the Schedules of Funding Progress in the financial section, as well as the employer contribution rates shown in the Schedule of Employer Contributions in the financial section.

Based upon the valuation results, it is our opinion that the Highway and Transportation Employees' and Highway Patrol Retirement System for the State of Missouri continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Brian B. Murphy, F.S.A.
Senior Consultant & Actuary

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SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

METHODS

Asset Valuation Method

Valuation assets were determined using the five-year adjusted value average method described in IRS Regulations Section 1.412(c)(2)-1(b)(7)-(8).

Actuarial Cost Method

The Entry Age Normal actuarial cost method was used for determining liabilities and normal cost. Normal costs were computed as a level percent of pay and were based on the Year 2000 Plan. Unfunded Actuarial Accrued Liabilities were amortized as a level percent of payroll over 36 years. For this purpose, covered payroll is assumed to increase 4% per year. Continued yearly reductions in the amortization period will result in a 30-year period being used for the June 30, 2006 valuation. This is consistent with GASB amortization period requirements.

ASSUMPTIONS

<u>Interest Rate:</u>	8.25% per annum, net of administrative fees.
<u>Operating Expenses:</u>	0.21% of payroll.
<u>Surviving Spouses:</u>	90% of employees dying in-service will have an eligible beneficiary.
<u>Post-Retirement Benefit Increases:</u>	The annual Consumer Price Index is assumed to be 4.0%.
<u>Applicable Disability Benefit:</u>	All future disabilities are assumed covered by LTD benefits.
<u>Offsets to LTD Benefits:</u>	It was assumed Workers Compensation Indemnity Benefits would be zero and that Social Security Disability PIA benefits would always apply.
<u>Mortality:</u>	Rates for non-disabled employees and pensioners are based upon the Unisex Pension 1984 Mortality Table.

SALARY INCREASE ASSUMPTIONS - Salary increase assumptions for an individual member

Sample <u>Ages</u>	Merit & <u>Seniority</u>	Base (Economic)	Increase <u>Next Year</u>
20	5.00%	4.00%	9.00%
25	4.00%	4.00%	8.00%
30	2.75%	4.00%	6.75%
35	2.00%	4.00%	6.00%
40	1.20%	4.00%	5.20%
45	0.75%	4.00%	4.75%
50	0.55%	4.00%	4.55%
55	0.50%	4.00%	4.50%

SEVERANCE ASSUMPTIONS - Annual Terminations Per 100 Employees

Sample Age	Years of Service				
	0	1	2-4	5-9	10+
NON-UNIFORMED MALES					
15	25.0	12.5	7.7	3.0	1.1
25	25.0	10.7	6.0	2.7	1.1
35	25.0	8.3	4.8	2.1	0.7
45	25.0	7.1	4.8	1.5	0.3
50-60	25.0	6.0	4.8	1.5	0.3
NON-UNIFORMED FEMALES					
15	17.5	12.6	9.5	7.6	3.4
25	17.5	9.5	9.5	7.6	3.4
35	17.5	9.5	8.2	3.8	2.3
45-60	17.5	9.5	3.2	2.5	0.7
UNIFORMED PATROL					
15	10.5	2.5	2.5	2.1	2.2
25	17.5	2.1	2.1	2.1	2.2
35	24.5	2.1	2.1	2.1	2.2
40-60	24.5	2.1	2.1	2.1	0.5

RETIREMENT ASSUMPTIONS: Percents of Eligible Members Retiring Within Next Year

Retirement Age	NON-UNIFORMED Male	NON-UNIFORMED Female	UNIFORMED All
50	3 %	1 %	3 %
51	3	1	3
52	3	1	3
53	3	1	3
54	3	1	3
55	15	8	40
56	10	8	25
57	10	8	40
58	10	8	50
59	10	8	60
60	15	20	100
61	25	20	
62	50	50	
63	30	15	
64	40	15	
65	65	60	
66	60	30	
67	10	30	
68	10	30	
69	50	30	
70	100	100	

**SCHEDULE OF ACTIVE MEMBER
VALUATION DATA**

Actuarial Valuation Date	Number	Covered Payroll	Average Pay	% Change in Average Pay from Prior Year
06/30/1990	8,256	211,414,753	25,607	7.7 %
06/30/1991	8,308	220,856,988	26,584	3.8
06/30/1992	8,591	228,503,592	26,598	0.1
06/30/1993	8,658	236,236,082	27,285	2.6
06/30/1994	8,849	242,864,780	27,445	0.6
06/30/1995	8,904	250,529,253	28,137	2.5
06/30/1996	9,023	264,196,115	29,280	4.1
06/30/1997	8,997	280,209,116	31,145	6.4
06/30/1998	8,871	284,889,796	32,115	3.1
06/30/1999	9,140	298,673,247	32,678	1.8
Ten Year Average				3.2 %

SUMMARY OF PLAN PROVISIONS**MEMBERSHIP**

Membership includes individuals who are full-time, salaried employees, wage employees in a position normally requiring 1,000 hours of work per year, retirees, disability benefit recipients, and terminated employees entitled to a deferred annuity.

LEAVE OF ABSENCE

A leave of absence for sickness may be granted for a maximum of 24 months and is creditable service toward retirement.

Time spent away from employment while receiving workers' compensation is creditable time in the retirement system.

A leave of absence for military service or training when such service is compulsory or when the United States is actively engaged in war is creditable toward retirement. Leaves of absence for voluntary enlistment in the Armed Forces of the United States during times of peace are granted for a period not to exceed four years. Such service is non-creditable, however, the employee may be credited for four years of this service by contributing to the system.

Leaves of absence may be granted for educational purposes, personal hardship, or other extraordinary reasons. Such time away from employment will not be counted as creditable service toward retirement.

SURVIVOR BENEFITS

Should an employee die after completing three years of service, the spouse or unemancipated children under age 21, if named as beneficiary, qualify for 25% of the benefit the member would have received had he retired on the date of death. This benefit will be increased $5/12$ of 1% for each month of service in excess of five years to a maximum of 50% of the member's base benefit.

The employee and spouse must have been married at least two years for the spouse to qualify.

Should a member with ten years or more of service die, the surviving spouse may elect, in lieu of the benefit above, to receive a survivorship calculated as if the member had retired on the date of death and elected the Joint and Full option. This option requires the base benefit to be reduced actuarially based on the difference between the age of the member and the spouse.

Spouses of deceased retirees, who had selected an unreduced option and who retired prior to August 28, 1989, receive a monthly benefit of one-half the amount the retiree was receiving at the time of the retiree's death.

FULL RETIREMENT BENEFITS

Full retirement benefits for non-uniformed members are available at age 65 with four years of creditable retirement service, 60 years of age with 15 years of creditable retirement service or if the sum of a member's age and years of creditable service equals 80 or more, provided the member is at least 50 years of age (80 and Out Provision). Uniformed members qualify for full retirement at age 55 with four years of service.

Full benefits are computed by multiplying 1.6% (2.13% for uniformed members) of the average monthly pay received during the 36 consecutive months when compensation was greatest, times years and twelfths of a year of creditable retirement service. Unused, accumulated sick leave at the date of retirement is converted to retirement service for the purpose of calculating an annuity.

One month of service is granted for each 21 days of unused, accumulated sick leave if the member works continuously until retirement. Converted sick leave cannot be used to reach the time required

for vesting or retirement. Uniformed members receive a special benefit of \$90 per month reduced by any amount earned during gainful employment. This special benefit terminates at age 65. This benefit is not applicable for uniformed members of the patrol hired after January 1, 1995.

Members shall receive credit for all service that had not been considered creditable provided the employee works continually with their agency until retirement.

Retirement benefits may be designated as marital property and courts are allowed to divide the benefits in a dissolution of marriage proceeding. The division of benefit cannot exceed 50% of the benefit accrued during the period of the marriage.

PRIOR SERVICE

The system allows for the transfer or purchase of creditable service of public employees who move from a position covered by one public employee retirement system to another.

The system also allows certain members of the uniformed patrol who had served as police officers for any city to purchase equivalent service for that time not to exceed four years.

REDUCED BENEFITS FOR EARLY RETIREMENT

Members age 55 through 59 who have completed 10 but less than 30 years of creditable retirement service qualify for a reduced benefit.

The benefit is computed using the same formula as for full benefits and then is reduced by 0.6% for each month of service the employee is younger than the full benefit retirement age.

MINIMUM BENEFIT

The total base monthly benefit payable to a member shall not be less than \$15 multiplied by the number of full years of creditable service. Elections to reduce the member's benefit for early retirement or to provide a survivor's benefit will not increase the minimum benefit. Terminated members entitled to a deferred annuity do not qualify for the minimum benefit.

RETIREMENT BENEFIT OPTIONS

Upon applying for retirement benefits, the employee may select one of the following options to provide a survivorship.

Full Base Benefits or Full Adjusted Base Benefits (Reduced for Early Retirement) with One-Half Spouse Survivorship: The initial base benefit is unreduced. In the event of death, the spouse is entitled to an amount equal to one-half the retiree's benefit at the time of death.

Reduced Spouse Option - Joint and Full: The base benefit, or adjusted base benefit, is reduced based on the difference between the age of the retiree and the spouse. In the event of death, the spouse is entitled to an amount equal to the retiree's benefit at time of death. If the designated spouse dies before the retiree, the retiree's benefit will "pop-up" or revert to a normal annuity at the first of the month following receipt by the Board of written notification of the death accompanied by a certified copy of the death certificate.

Guaranteed Payments: The base benefit or adjusted base benefit is reduced to guarantee 60 or 120 payments. In the event of death prior to the elected number of benefit payments, the reduced amount will be paid to the designated beneficiary or to the estate.

In all cases where the benefit is reduced to provide a survivorship, the reduction continues throughout the lifetime of the retiree.

DEFERRED BENEFITS

Employees with five years of service who terminate employment are entitled to deferred benefits when they attain the age qualifying them for normal or reduced benefits.

Should a terminated vested member return to employment, all prior service will be restored and future benefits will be computed on the total creditable service, average compensation, and law in effect at the time of subsequent termination or retirement.

DISABILITY

There are three categories of disability benefits.

Long-Term: A member who is unable to perform his/her present job or any other position in the MoDot or Patrol and whose disability has been diagnosed as being of such nature as to exist for more than one year, may qualify for long-term disability benefits. (Disabilities resulting from war, declared or undeclared, or any act of war are not covered under this category of disability benefits.) Benefits begin on the 181st day of disability or the day following the day sick leave benefits are exhausted, whichever is later, and continue until age 65 or when the individual qualifies and selects normal retirement benefits. For employees who are disabled after age 60, the benefits continue for a maximum of five years and a minimum of one year according to a schedule approved by the Board. Benefits for long-term disability are equal to 60% of the compensation immediately prior to the disability, less primary Social Security benefits and any benefits provided at the cost of the MoDot or Patrol, including Workers' Compensation indemnity benefits. The minimum long-term

disability monthly benefit is 9% of the member's salary immediately prior to becoming disabled, or \$50, whichever is greater. Creditable service in the retirement system will continue to accrue until retirement or until the member qualifies for full retirement benefits, whichever is earlier.

Normal: A member who is unable to perform his/her present job or any other position for which the member is suited may qualify for normal disability benefits. These benefits are computed in the same manner as regular retirement benefits. (Average compensation times 1.6% times years of creditable service equals Normal Disability Benefits.)

Should a normal disability recipient return to employment and complete six months of service, all prior service will be restored and future benefits will be computed on the total creditable service, average compensation, and law in effect at the time of subsequent termination or retirement. The time spent on normal disability benefits will not be included in the creditable service restored.

Work-Related: A member who is injured while performing the duties of his/her job and who is unable to perform the work performed by the employee on the date preceding the date of disability and who has not regained his/her earning capacity, may qualify for work-related disability benefits. These benefits are equal to 70% of the compensation the employee was receiving at the time of the work-related injury; provided, however, that the benefit amount plus social security disability benefits shall not exceed 90% of the employee's salary.

All disability benefits are reduced by any amount of weekly indemnity benefits paid to the member as a result of Workers' Compensation.

Disability benefits are discontinued if the member regains 50% of his/her earning capacity.

Qualified survivors of long-term disability recipients and work-related disability recipients are entitled to the same benefits as survivors of employees. The surviving spouse of a normal disability benefit recipient is entitled to an amount equal to one-half the benefit being received at the time of death.

ANNUAL ADJUSTMENT IN BENEFITS

An annual adjustment in benefits is made effective October 1 of each year for retirees, normal and work-related disability recipients, and qualified surviving spouses who received benefits the preceding month.

Under House Bill 356, effective August 28, 1997, retirees and survivors, and current employees (after retirement) will continue to receive annual COLAs (Cost-of-Living Adjustments) on their monthly benefit until the cumulative COLAs equal the 65% COLA cap. The annual COLAs (prior to reaching the 65% cap) will continue to be equal to 80% of the change in the Consumer Price Index (CPI) with a minimum of 4% and a maximum of 5%.

After the 65% cap is reached, retirees, survivors, and current employees (after retirement) will continue to receive annual COLA increases equal to 80% of the change in the CPI, with a maximum of 5%.

For employees hired after the effective date of the legislation there is no guarantee of a 4% minimum annual increase nor is there a 65% COLA cap. The annual retirement COLA will be equal to 80% of the change in the CPI, not to exceed 5%.

DEATH BENEFIT

The Retirement System provides a death benefit of \$5,000 for beneficiaries of members who retired or elected normal or work-related disability benefits after September 28, 1985. Survivors of terminated

vested members who subsequently retire and survivors of members receiving long-term disability benefits do not qualify for this benefit.

BENEFITS EXEMPT FROM GARNISHMENT

Retirement or disability benefits are not subject to execution, garnishment, attachment, writ of sequestration or any other process or claim, and are unassignable, except when the benefit is considered marital property and divided by a court in a dissolution of marriage proceeding.

LEGISLATIVE CHANGES

On July 10, 1999, Governor Mel Carnahan signed into law Senate Bills 308 & 314 (SB308) – legislation that creates a new retirement plan for eligible state employees. The new retirement plan, effective July 1, 2000, is commonly referred to as the Year 2000 Plan.

This new plan is for employees hired on or after July 1, 2000, that would otherwise be participants in the existing Closed Plan that is administered by the Highway and Transportation Employees' and Highway Patrol Retirement System. All members retired prior to July 1, 2000, will be allowed to participate in the Year 2000 Plan. Furthermore, employees covered by the Closed Plan, who are active on the effective date of the new plan, and terminated-vested members will be able to elect which plan they wish to retire under at the time of retirement.

SB308 also makes the following changes to the Year 2000 Plan as well as the existing Closed Plan:

- (1) Effective July 1, 2000, a member who is not married at retirement but marries thereafter will be allowed to designate a spouse as beneficiary upon completion of one year of marriage. In addition, the member can designate a new spouse as beneficiary upon completion of one year of marriage in the event of the death of the spouse the member was married to at date of retirement. These designations, however, must occur within six months after the completion of one year of marriage;
- (2) The definition of average compensation is modified to allow the system to consider the compensation an employee would have earned during a medical leave of absence just as if the employee had been able to work. Allows the FAP* to be calculated properly based on a state payroll system (lag payroll) adopted on or after January 1, 2000;
- (3) Effective August 28, 1999, SB308 will provide a minimum annuity in the amount of 50% of the member's FAP to a survivor or unemancipated children under age 21 in the event of duty-related death. In such instances, there is no minimum length of service requirement.

The key differences between the Closed Plan and the Year 2000 Plan are illustrated on the following page.

COMPARISON OF PLANS

BENEFIT	CLOSED PLAN	YEAR 2000 PLAN
Normal Retirement Eligibility	Age 65 with 4 years of service. Age 60 with 15 years of service. "Rule of 80"/minimum age 50. Age 55 with 4 years of service (uniform members only).	Age 62 with 5 years of service. "Rule of 80"/minimum age 50. Age 60 (mandatory with 5 years of service (uniform members only)."
Early Retirement Eligibility	Age 55 with 10 or more years of creditable service.	Age 57 with 5 years creditable service.
Base Benefit Formula Life Temporary	.016 x FAP* x service. Not available. Base benefit is increased by thirty-three & one-third percent for uniform members only.	.017 x FAP* x service. .008 x FAP* x service (until age 62 & only if retiring under "Rule of 80").
Death In Service (Available to spouse of at least 2 years or unemancipated children under age 21 and if named as beneficiaries.)	With 3 but less than 10 years of service-receive 25% of member's base benefit. Increased by 5/12 of 1% for each month of service in excess of 5 years-maximum of 50%. With 10 or more years of service-can elect, in lieu of the above, one of the following options: benefit equal to 1/2 of member's base benefit; or, a Joint & Full (reduced) survivor option. Payment reduced based on difference between member's age and age of spouse. If death is duty-related, no less than 50% of FAP* - no minimum service requirement.	Survivor benefit calculated using the Joint & 100% Survivor Option for spouse (spouse member married to on date of death); or, 80% of the member's life income annuity for eligible children. If death is duty-related, no less than 50% of FAP* - no minimum service requirement.
Death After Retirement	Survivor benefit based on option elected on retirement application. Options include: <i>Life Annuity, Free One-half, Joint & Full, and 60 or 120 Guaranteed Payments</i> .	Survivor benefit based on option elected on retirement application. Options include: <i>Life Annuity, Joint & 50% Survivor, Joint & 100% Survivor and 120 or 180 Guaranteed Payments</i> .
COLA (Cost-of-Living Allowance)	If hired before August 28, 1997, annual COLA is a minimum of 4%, maximum 5%. Based on 80% of the increase in the CPI over the previous year, up to a maximum of 65% of original benefit. After the 65% cap is reached, annual COLA increases will be equal to 80% of the change in the CPI, with a maximum of 5%. If hired after the above date, annual COLAs will be equal to 80% of the increase in the CPI, maximum 5%, with no guaranteed minimum.	80% of increase in CPI with maximum of 5%.

* Final Average Pay - highest 36 consecutive months of pay.

CPI - Consumer Price Index

NOTES

Statistical Section

In This Section

- Active Member Data
- Terminated Vested Member Data
- Schedule of Retired Members by Type of Benefit
- Schedule of Average Monthly Benefit Payments
- Retired Member Data (Ten-Year Average)
- Benefit Recipients
- Membership Distribution

STATISTICAL SECTION

ACTIVE MEMBER DATA

BY AGE

Age	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol	Retirement System
< 21	71	62	9	-	-
21-25	522	386	64	72	-
26-30	1,131	738	105	288	-
31-35	1,271	911	133	225	2
36-40	1,548	1,218	173	157	-
41-45	1,432	1,125	180	127	-
46-50	1,353	1,018	208	127	-
51-55	1,018	813	133	71	1
56-60	616	518	78	20	-
61-65	172	147	25	-	-
65 +	19	16	3	-	-
<hr/>					
Average Age		41	42	36	39

BY YEARS OF SERVICE

Years of Service	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol	Retirement System
< 1	1,098	992	73	32	1
1-5	2,122	1,396	312	414	-
6-10	1,534	1,176	182	176	-
11-15	1,389	1,096	158	134	1
16-20	837	598	120	119	-
21-25	911	691	119	101	-
26-30	637	496	82	59	-
31-35	420	322	52	45	1
36-40	166	149	10	7	-
41-45	37	34	3	-	-
45+	2	2	-	-	-
<hr/>					
Average Service		12	12	11	15

TERMINATED VESTED MEMBER DATA**BY AGE**

Age	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol
< 21	-	-	-	-
21-25	2	1	1	-
26-30	43	34	5	4
31-35	115	92	16	7
36-40	160	135	18	7
41-45	143	105	24	14
46-50	137	97	23	17
51-55	114	85	17	12
56-60	50	45	5	-
61-65	8	5	3	-
65+	-	-	-	-
<hr/>				
Average Age		43	44	44

BY YEARS OF SERVICE

Years of Service	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol
<1	1	1	-	-
1-5	121	94	22	5
6-10	302	246	35	21
11-15	214	155	37	22
16-20	98	75	16	7
21-25	34	26	2	6
26-30	2	2	-	-
31-35	-	-	-	-
<hr/>				
Average Service		11	11	12

STATISTICAL SECTION

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

ALL MEMBERS

Amount of Monthly Benefit	TYPE OF BENEFIT						Total Recipients
	Retirement		Disability		Survivor		
	Normal	Early	Normal	Long-Term			
1 - 200	10	15	12	6	433	476	
201 - 400	72	63	35	24	416	610	
401 - 600	203	47	55	20	235	560	
601 - 800	270	35	22	10	156	493	
801 - 1000	336	24	25	7	91	483	
1001 - 1200	331	8	19	3	53	414	
1201 - 1400	338	6	11	5	48	408	
1401 - 1600	288	7	9	-	41	345	
1601 - 1800	259	3	4	-	31	297	
1801 - 2000	211	2	1	-	26	240	
2001 - 2200	173	-	2	1	18	194	
2201 - 2400	185	1	-	-	14	200	
2401 - 2600	171	-	1	1	8	181	
2601 - 2800	148	-	-	-	11	159	
2801 - 3000	107	-	-	-	2	109	
> 3000	421	-	-	-	12	433	
TOTALS	3,523	211	196	77	1,595	5,602	

MISSOURI DEPARTMENT OF TRANSPORTATION

Amount of Monthly Benefit	TYPE OF BENEFIT						Total Recipients
	Retirement		Disability		Survivor		
	Normal	Early	Normal	Long-Term			
1 - 200	8	12	11	4	414	449	
201 - 400	52	55	32	24	383	546	
401 - 600	178	41	52	15	204	490	
601 - 800	241	29	22	9	134	435	
801 - 1000	305	22	23	7	66	423	
1001 - 1200	296	7	18	3	42	366	
1201 - 1400	303	6	9	5	28	351	
1401 - 1600	243	7	7	-	27	284	
1601 - 1800	221	3	3	-	21	248	
1801 - 2000	193	2	1	-	18	214	
2001 - 2200	153	-	-	-	13	166	
2201 - 2400	161	1	-	-	10	172	
2401 - 2600	138	-	-	-	7	145	
2601 - 2800	113	-	-	-	10	123	
2801 - 3000	58	-	-	-	2	60	
> 3000	102	-	-	-	4	106	
TOTALS	2,765	185	179	67	1,383	4,578	

**SCHEDULE OF RETIRED MEMBERS
BY TYPE OF BENEFIT**

(continued)

CIVILIAN PATROL

Amount of Monthly Benefit		TYPE OF BENEFIT						Total Recipients
		Retirement Normal	Retirement Early	Disability		Survivor		
1	-	2	3	1	2	16	24	
201	-	400	18	8	2	-	19	47
401	-	600	23	6	3	5	11	48
601	-	800	25	6	-	1	10	42
801	-	1000	31	2	2	-	13	48
1001	-	1200	30	1	1	-	3	35
1201	-	1400	31	-	1	-	1	33
1401	-	1600	40	-	2	-	2	44
1601	-	1800	33	-	-	-	1	34
1801	-	2000	13	-	-	-	1	14
2001	-	2200	12	-	-	1	-	13
2201	-	2400	8	-	-	-	1	9
2401	-	2600	4	-	-	1	-	5
2601	-	2800	5	-	-	-	-	5
2801	-	3000	8	-	-	-	-	8
>	3000		13	-	-	-	1	14
TOTALS			296	26	12	10	79	423

UNIFORMED PATROL

Amount of Monthly Benefit		TYPE OF BENEFIT						Total Recipients
		Retirement Normal	Retirement Early	Disability		Survivor		
1	-	2	3	1	2	3	4	5
201	-	400	2	-	1	-	14	17
401	-	600	2	-	-	-	20	22
601	-	800	4	-	-	-	12	16
801	-	1000	-	-	-	-	12	12
1001	-	1200	5	-	-	-	8	13
1201	-	1400	4	-	1	-	19	24
1401	-	1600	5	-	-	-	12	17
1601	-	1800	5	-	1	-	9	15
1801	-	2000	5	-	-	-	7	12
2001	-	2200	8	-	2	-	5	15
2201	-	2400	16	-	-	-	3	19
2401	-	2600	29	-	1	-	1	31
2601	-	2800	30	-	-	-	1	31
2801	-	3000	41	-	-	-	-	41
>	3000		306	-	-	-	7	313
TOTALS			462	-	6	-	133	601

STATISTICAL SECTION

SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS

BY YEARS OF SERVICE

Retired In Fiscal Year	0-10	11-15	16-20	21-25	26-30	31-35	36-40	41+	
FEDERAL PAYMENT OF TRANSPORTATION									
1995	Average Benefit Current Retirees	364 2	637 6	786 7	871 28	1,240 62	1,729 79	2,121 47	2,357 29
1996	Average Benefit Current Retirees	272 2	371 4	625 11	945 16	1,246 42	1,634 44	2,142 48	2,471 27
1997	Average Benefit Current Retirees	308 1	325 8	706 19	874 18	1,229 58	1,549 44	2,170 30	2,675 19
1998	Average Benefit Current Retirees	186 3	458 6	649 8	925 22	1,212 46	1,516 49	2,101 44	2,363 24
1999	Average Benefit Current Retirees	350 3	442 7	729 12	951 22	1,193 40	1,624 44	2,185 40	2,425 22
FEDERAL PAYMENT OF TRANSPORTATION									
1995	Average Benefit Current Retirees	244 2	482 2	403 3	708 4	1,238 7	1,863 10	1,653 1	1,911 2
1996	Average Benefit Current Retirees	328 2	- -	652 3	881 7	1,202 6	1,525 5	1,804 2	- -
1997	Average Benefit Current Retirees	252 3	428 2	556 4	986 1	1,420 4	1,506 7	1,974 7	1,608 1
1998	Average Benefit Current Retirees	- -	494 3	526 4	872 1	1,226 6	1,685 7	1,934 4	2,616 2
1999	Average Benefit Current Retirees	132 1	357 3	398 1	866 3	934 4	1,755 12	1,754 5	- -
FEDERAL PAYMENT OF TRANSPORTATION									
1995	Average Benefit Current Retirees	- -	- -	- -	672 1	2,767 21	3,149 38	4,094 8	- -
1996	Average Benefit Current Retirees	- -	- -	- -	- -	2,476 9	3,244 11	3,930 3	- -
1997	Average Benefit Current Retirees	- -	- -	- -	340 1	2,783 10	3,283 22	3,824 1	- -
1998	Average Benefit Current Retirees	- -	- -	- -	2,795 1	2,903 16	3,314 14	4,140 2	- -
1999	Average Benefit Current Retirees	- -	- -	- -	- -	2,800 20	3,400 27	3,561 1	- -

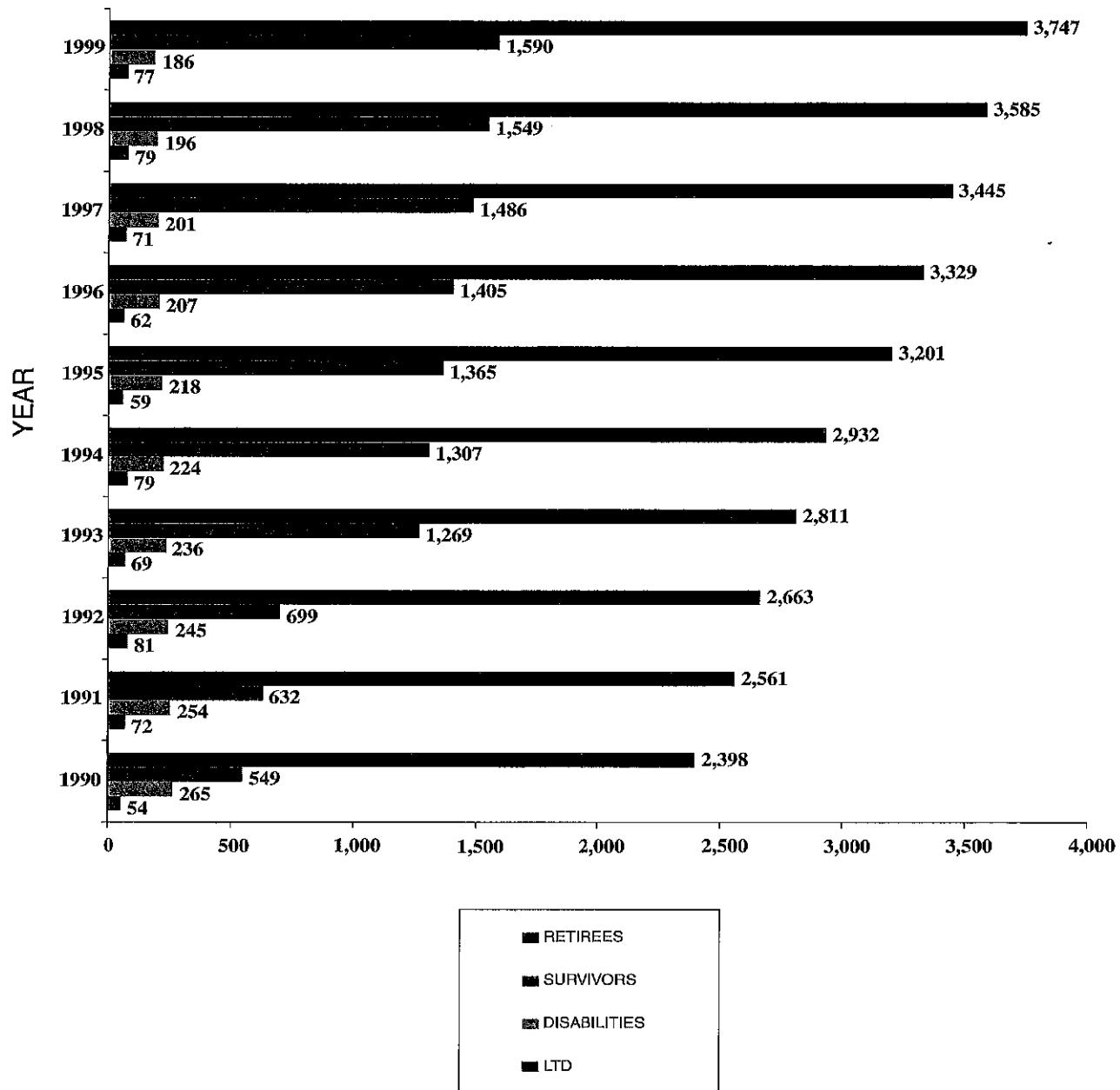
RETIRED MEMBER DATA (TEN-YEAR AVERAGES)

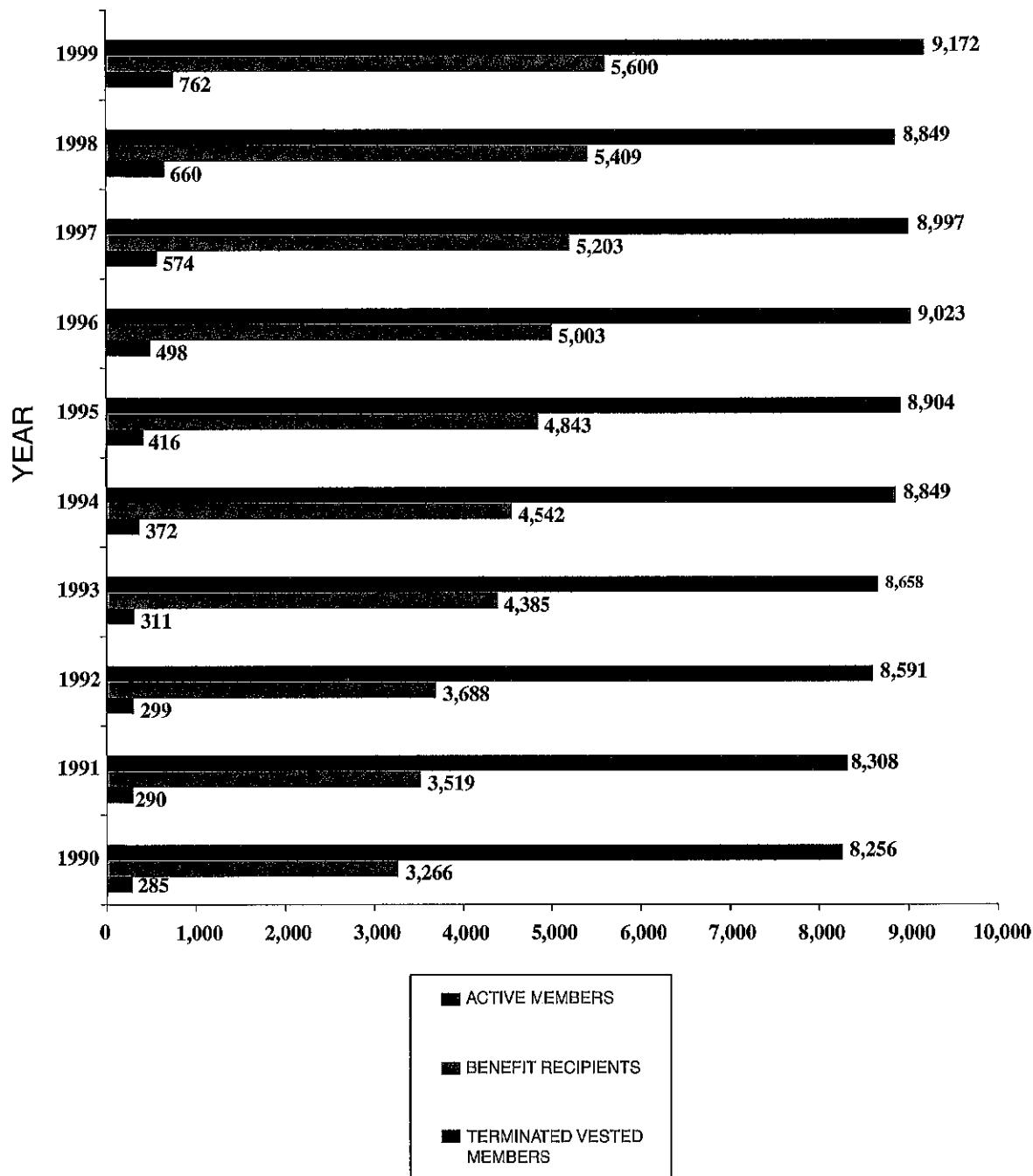
RETIREMENT AGE / YEARS SERVICE / BENEFIT INFORMATION

(The information contained in this tabulation relates to current retirees who retired in the years indicated)

Retired in Fiscal Year	Current Retirees	Average Age at Retirement	Average Service	Average Initial Benefit	Average Benefit on June 30, 1999	Percent of Increase
1990-1999						
1990	118	60.51	31.59	\$1,014.03	\$1,583.23	56.13
1991	175	60.90	32.91	1,207.84	1,814.05	50.19
1992	128	60.19	33.13	1,214.40	1,740.59	43.33
1993	195	60.30	32.17	1,188.51	1,646.35	38.52
1994	171	60.40	31.70	1,271.02	1,687.04	32.73
1995	260	58.43	31.96	1,288.01	1,595.66	23.89
1996	194	59.20	32.29	1,431.45	1,630.42	13.90
1997	197	58.79	30.28	1,324.29	1,457.01	10.02
1998	202	59.51	31.80	1,439.11	1,524.92	5.96
1999	190	58.83	31.39	1,503.60	1,545.99	2.82
1990-1999						
1990	11	60.55	28.73	\$1,029.79	\$1,609.71	56.32
1991	22	62.09	26.45	784.46	1,188.03	51.45
1992	13	59.46	33.46	1,364.58	1,974.55	44.70
1993	19	60.68	28.05	988.03	1,359.40	37.59
1994	20	61.50	26.95	1,028.41	1,360.23	32.27
1995	31	59.06	26.84	969.73	1,234.37	27.29
1996	25	60.96	26.28	953.58	1,089.20	14.22
1997	29	60.34	28.07	1,139.47	1,239.65	8.79
1998	27	59.52	28.85	1,283.20	1,354.75	5.58
1999	29	59.03	28.55	1,279.01	1,279.22	0.02
1990-1999						
1990	19	57.42	33.74	\$2,439.69	\$3,803.94	55.92
1991	21	56.90	33.38	2,602.65	3,901.26	49.90
1992	21	56.19	32.43	2,446.66	3,533.04	44.40
1993	18	56.22	32.00	2,432.28	3,363.02	38.27
1994	28	56.21	31.39	2,454.87	3,235.58	31.80
1995	68	54.12	32.28	2,454.50	3,075.58	25.30
1996	23	54.39	32.39	2,645.61	3,009.42	13.75
1997	34	54.76	31.79	2,772.15	2,967.48	7.05
1998	33	53.82	31.18	2,945.87	3,149.24	6.90
1999	48	54.46	31.73	3,082.83	3,115.95	1.07

NOTE: Annual cost-of-living adjustments range between 4% and 5%. The Benefit formula increase of 6.7% on January 1, 1995, was retroactive.

BENEFIT RECIPIENTS

MEMBERSHIP DISTRIBUTION

NOTES